THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) to (c) IISCO is a sick company and has been under reference to BIFR since June, 1994, A revised proposal has been received by SAIL which inter aha includes writing off of accumulated losses, use of Rupee debt funds to revive IISCO in a Joint venture (JV) with M/s. Tyazhpromexport (TPE) of Russia. The revised proposal envisages an investment of Rs. 798 crores.

However, any scheme to be taken up for revival or modernisation of IISCO will have to be in accordance with the orders of BIFR in this regard.

Financial Crisis Faced by Sail

605. SHRI BHAGABAN MAJHI:
SHRI ANANTA SETHI:

Will the Minister of STEEL be pleased to state:

(a) Whether the Steel Authority of India (SAIL) has been facing financial crisis;

(b) if so, the reasons therefor;

(c) the steps proposed to be taken to restore and improve the financial position of SAIL; and

(d) the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Yes, Sir. SAIL has suffered losses in 1998-99 and also in the first half of 1999-2000.

(b) The main reasons for financial crisis in SAIL are, inter-alia as follows:

(i) Slow down in demand for steel;

(ii) Greater competition from imports and enhancement in supplies in domestic markets;

(iii) Increase in input costs;

(iv) Higher interest and depreciation cost, because of capitalization of modernisation and other capital schemes, which could not be fully neualaised by better techno-economic

parameters, cost reduction measures and increase in price of steel etc.

(v) High manpower cost.

(c) and (d) Government has been in constant dialogue with SAIL and has been periodically revivewing their performance with a view to increasing their competitiveness and efficiency. Accordingly, to check losses and improve the financial health of SAIL, the Company has drawn up a comprehensive financial and business restructuring plan. The measures outlined in the plan include, inter-alia:

(i) Reduction in operational costs by reducing input costs, reducing consumption of raw materials and other inputs and by increasing operating efficiencies;

(ii) Improvement in techno-economic parameters such as fuel and power consumption;

(Hi) Increased recovery for services/facilitites;

(vi) Right sizing manpower through a Voluntary Retirement Scheme (VRS);

(v) Asset restructuring;

(vi) Disposal of idle assets; and

(vii) Financial restructuring.

Production of Steel

†606. SHRI RAGHAVJI: Will the Minister of STEEL be pleased to state:

(a) the, present production capacity of the steel plants in the public as well as private sector in the country;

(b) the total annual consumption of steel, together with the quantum of steel consumed within the country and quantum of export thereof;- and

(c) the steps being taken to increase the consumption, particularly to increase the export in case the consumption is less than the production?

†Original notice of the Question was received in Hindi.